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No. 18

## House of Representatives

The House met at noon and was called to order by the Speaker pro tempore (Mr. EMMER of Minnesota).

### DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,

February 1, 2016.

I hereby appoint the Honorable TOM EMMER to act as Speaker pro tempore on this day.

PAUL D. RYAN,

*Speaker of the House of Representatives.*

### MORNING-HOUR DEBATE

The SPEAKER pro tempore. Pursuant to the order of the House of January 5, 2016, the Chair would now recognize Members from lists submitted by the majority and minority leaders for morning-hour debate.

### RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess until 2 p.m. today.

Accordingly (at 12 o'clock and 1 minute p.m.), the House stood in recess.

□ 1400

### AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mrs. COMSTOCK) at 2 p.m.

### PRAYER

The Chaplain, the Reverend Patrick J. Conroy, offered the following prayer:

Merciful God, through whom we see what we could be and what we can be-

come, thank You for giving us another day.

Send Your spirit upon the Members of this people's House to encourage them in their official tasks. Be with them and with all who labor here to serve this great Nation and its people.

Assure them that whatever their responsibilities, You provide the grace to enable them to be faithful in their duties and the wisdom to be conscious of their obligations and fulfill them with integrity.

Remind us all of the dignity of work, and teach us to use our talents and abilities in ways that are honorable and just and are of benefit to those we serve.

May all that is done this day be for Your greater honor and glory.

Amen.

### THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House her approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

### PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from South Carolina (Mr. WILSON) come forward and lead the House in the Pledge of Allegiance.

Mr. WILSON of South Carolina led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

### STATE OF THE UNION INCONSISTENCIES

(Mr. WILSON of South Carolina asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WILSON of South Carolina. Madam Speaker, the President's actions are inconsistent with his words of the State of the Union.

His praise of job growth is undermined by ObamaCare, which the OMB has identified will destroy over 2 million jobs.

His concerns for more gun control was a contradiction at the Capitol, which was properly awash with brave officers protecting everyone with guns.

His distortion of voter photo identification laws clashes with the requirement of visitor photo identification to enter the White House. Security to prevent voter fraud and security to prevent assault on our President are basic for democracy.

His professed opposition to ISIS terrorists is undermined by his pardoning prisoners from Guantanamo who will rejoin terrorists to kill American families using guns.

His devotion to Syrian refugees was sadly undermined by his failure to enforce a red line, resulting in children fleeing violence drowning at sea.

Finally, as I left the Capitol from the speech, I saw immediate inconsistency of a fleet of stretch limousines waiting for the President. As he attacked the oil and gas industry, he departed thanks to fuel developed by the oil and gas industry.

The President should change course for limited government and expanded freedom.

In conclusion, God bless our troops, and the President, by his actions, should never forget September the 11th in the global war on terrorism.

### RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess until approximately 3:15 p.m. today.

Accordingly (at 2 o'clock and 4 minutes p.m.), the House stood in recess.

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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□ 1514

## AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. DUNCAN of Tennessee) at 3 o'clock and 14 minutes p.m.

## MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Brian Pate, one of his secretaries.

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote incurs objection under clause 6 of rule XX.

Record votes on postponed questions will be taken later.

## FAIR INVESTMENT OPPORTUNITIES FOR PROFESSIONAL EXPERTS ACT

Mr. GARRETT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2187) to direct the Securities and Exchange Commission to revise its regulations regarding the qualifications of natural persons as accredited investors, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2187

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

## SECTION 1. SHORT TITLE.

*This Act may be cited as the "Fair Investment Opportunities for Professional Experts Act".*

## SEC. 2. DEFINITION OF ACCREDITED INVESTOR.

Section 2(a)(15) of the Securities Act of 1933 (15 U.S.C. 77b(a)(15)) is amended—

(1) by redesignating clauses (i) and (ii) as subparagraphs (A) and (F), respectively;

(2) in subparagraph (A) (as so redesignated), by striking “; or” and inserting a semicolon, and inserting after such subparagraph the following:

“(B) any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds \$1,000,000 (which amount, along with the amounts set forth in subparagraph (C), shall be adjusted for inflation by the Commission every five years to the nearest \$10,000 to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics) where, for purposes of calculating net worth under this subparagraph—

“(i) the person's primary residence shall not be included as an asset;

“(ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

“(iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability;

“(C) any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

“(D) any natural person who is currently licensed or registered as a broker or investment adviser by the Commission, the Financial Industry Regulatory Authority, or an equivalent self-regulatory organization (as defined in section 3(a)(26) of the Securities Exchange Act of 1934), or the securities division of a State or the equivalent State division responsible for licensing or registration of individuals in connection with securities activities;

“(E) any natural person the Commission determines, by regulation, to have demonstrable education or job experience to qualify such person as having professional knowledge of a subject related to a particular investment, and whose education or job experience is verified by the Financial Industry Regulatory Authority or an equivalent self-regulatory organization (as defined in section 3(a)(26) of the Securities Exchange Act of 1934); or”.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. GARRETT) and the gentleman from Delaware (Mr. CARNEY) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey.

## GENERAL LEAVE

Mr. GARRETT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and to include any extraneous materials on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. GARRETT. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I rise in support of H.R. 2187, the Fair Investment Opportunities for Professional Experts Act.

I would like to thank Mr. SCHWEIKERT from Arizona for his diligent work on this bill and members on both sides of the aisle who approved this bill in the Financial Services Committee by an overwhelming vote of 54–2.

Mr. Speaker, small and emerging companies play a significant role as drivers of the U.S. economic activity, innovation, and job creation. In fact, the majority of net jobs created in the U.S. are from companies less than 5 years old. Most of these companies are privately held companies, and their ability to raise capital in the private market is critical to the economic well-being of the U.S. and millions of American families.

But in order for small companies to raise capital in the private market, under SEC regulations they must sell securities only to what are known as “accredited investors.” And what exactly determines whether an investor is accredited? Well, the SEC has for

years determined that an individual investor's financial status should be the sole proxy for determining whether or not they are able to understand the risks and rewards.

In other words, the SEC has taken the position that only very wealthy individuals should be allowed to invest in such offerings. That really makes very little sense.

Under the SEC's logic, a random winner of the Powerball lottery would be automatically deemed a sophisticated investor. But an individual who holds advanced degrees and works in finance or a related field, but who happens to make slightly below what the SEC's threshold is, that person would be barred from investing in private offerings.

You see, despite the paternalistic view taken by Washington regulators, there are plenty—plenty—of hardworking and smart Americans who are plenty capable of understanding investments in private businesses.

Congress must, therefore, amend the definition of “accredited investor” in order to expand the pool of potential investors in a private placement market.

H.R. 2187 will do just that by codifying the current accredited investor income and net worth thresholds, adjusted for inflation going forward. Additionally, it will extend accredited investor status to persons who the SEC determines have a demonstrable education or job experience to qualify as having professional subject matter knowledge related to that investment.

In other words, the expansion of the accredited definition will enhance small companies' ability to raise capital and to grow by increasing the pool of potential investors, while at the same time increase investment opportunities for more Americans. In fact, allowing more individuals to invest in both public and private companies could ultimately have the effect of decreasing the risk in these portfolios themselves.

Finally, as SEC Commissioner Mike Piowar pointed out in a speech last year:

“By holding a diversified portfolio of assets, investors reap the benefits of diversification, that is, the risk of the portfolio as a whole is lower than the risk of any individual asset . . . if the correlations are low enough, the overall portfolio risk could actually decrease.”

Mr. Speaker, what that means is H.R. 2187 has a double benefit of affording American businesses more opportunities to raise capital, while actually providing hardworking Americans a greater opportunity to create wealth for themselves and their families. I ask my colleagues on both sides of the aisle to join me in supporting H.R. 2187.

I reserve the balance of my time.

Mr. CARNEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me first thank the gentleman from Arizona (Mr.